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INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS PRIORITY

RUEHBY/AMEMBASSY CANBERRA PRIORITY 8619

RUEHKO/AMEMBASSY TOKYO PRIORITY 0641

RUEHBJ/AMEMBASSY BEIJING PRIORITY 5869

RUEHUL/AMEMBASSY SEOUL PRIORITY 4511

RUEHLO/AMEMBASSY LONDON PRIORITY 1648

RUEHCHI/AMCONSUL CHIANG MAI PRIORITY 5137

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RUEKJCS/SECDEF WASHINGTON DC PRIORITY

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C O N F I D E N T I A L SECTION 01 OF 02 BANGKOK 001290

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TAGS: PREL PGOV PINR ECON TH

SUBJECT: THE AMBASSADOR'S DINNER WITH THAKSIN

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Classified By: Ambassador Eric G. John, reason: 1.4 (b) and (d).

SUMMARY

¶1. (C) I hosted a small private dinner for Thaksin Shinawatra and his wife, Khunying Potjaman, at the Residence the evening of April 24. Also attending were Deputy Prime Minister Somchai Wongsawat and his wife (and Thaksin's sister), Yaowapa, as well as former Minister for Transportation Pongsak Ruktapongpisal. Thaksin and his wife were in excellent spirits and health, and expansive in their discussion. Although he still asserts that he is permanently retired from politics, Thaksin retains a clear interest in the inner workings of the Cabinet. He outlined his plans for retirement but was most enthusiastic whenever the topic of his soccer team, Manchester City, was raised. End Summary.

¶2. (C) At the suggestion of several RTG cabinet officials, including FM Noppadon, I hosted a small dinner April 24 for Thaksin Shinawatra, the former Prime Minister who was ousted in the September 2006 coup. This was my first meeting as Ambassador with Thaksin.

ASSESSMENT OF GOVERNMENT FIGURES

¶3. (C) Thaksin emphasized without qualification that he had retired from politics, although he said he would remain interested in political affairs. He claimed he enjoyed an excellent relationship with Prime Minister Samak, noting that Potjaman had selected him to lead the People's Power Party. Thaksin lauded Samak as a very good leader and added, "I like him a lot." Thaksin claimed that the frequent press accounts of friction between himself and Samak were completely inaccurate. In a general swipe at the Thai press, he added that his supporters had entirely disregarded both broadcast and print news reporting during the period from the 2006 coup until the 2007 election.

¶4. (C) Thaksin said he was very pleased with Noppadon Pattama's performance as Foreign Minister, describing him as

"excellent." He remarked that Deputy Prime Minister/Commerce Minister Mingkwan Sangsuwan was experiencing some difficulty adjusting to his government role. (Mingkwan's background is in the private sector; this is his first cabinet position.) Nevertheless, Thaksin seemed to feel that Mingkwan could adapt; he did not appear inclined to advocate Mingkwan's dismissal from the cabinet.

COMMENTS ON POPULIST PROGRAMS

¶ 15. (C) I asked Thaksin for his assessment of the Thai economy, and in particular whether farmers would be dismayed to find that middlemen were receiving a disproportionate amount of the benefit from high global rice prices. Thaksin emphasized that his administration's village fund program -- which provided each village with a million Baht (which then equated to approximately 25,000 USD) for small loans -- had significantly expanded the number of rice mills in rural areas. This led to a more equitable distribution of profits between farmers and millers, and also kept more wealth in the villages where rice was grown. Farmers recognized, therefore, that they were benefiting directly from high rice prices because of Thaksin's policies.

¶ 16. (C) This discussion led Thaksin to highlight other accomplishments of his administration, including his other high-profile populist program, the provision of health care for only a minimal 30 Baht charge. He explained that he had envisioned that the low cost to the public would encourage Thais to seek out preventive care; the fixed fee would also allow both hospitals and the public to more accurately anticipate health care costs. "I based it on Blue Cross/Blue Shield," he stated.

PLANS FOR RETIREMENT

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¶ 17. (C) Thaksin said that he anticipated continuing charity work, especially his efforts in the educational field. Aside from providing scholarships, he appeared interested in helping to reform the Thai educational system. (Notably, he made no reference to Deputy PM Somchai concurrently holding the position of Education Minister, and Somchai remained silent throughout this discussion.)

¶ 18. (C) Thaksin explained that he hoped to found a club or forum for former leaders, principally from APEC countries. He noted in particular his friendship with former Japanese PM Junichiro Koizumi. He also claimed a close friendship with former British PM Tony Blair, to whom Thaksin made frequent references throughout the dinner. Putin is another candidate for the club.

¶ 19. (C) The topic that seemed dearest to Thaksin's heart was his Manchester City soccer team, which he had purchased while living abroad after the coup. He spoke enthusiastically about the team, noting that it held the potential to be a worthwhile investment, not in terms of ticket sales, but as a merchandise marketing platform. Thaksin remarked that, after his purchase of Manchester City, he had been offered the Houston Rockets for a price of 500 million USD, but he did not indicate he had any interest in pursuing that opportunity.

COMMENT

¶ 10. (C) Thaksin appeared sincere in claiming to have retired from politics, and he has generally kept a low profile since returning to Thailand. I expect that his retirement means simply that he has no immediate plans to seek a formal position (which, in any event, he cannot hold before 2012, according to a 2007 ruling of the Constitutional Tribunal). He retains enormous informal influence, however, and I do not

doubt that he stands ready to make his views and preferences known to those currently in office. His deference to his wife, moreover, would seem to confirm widespread reporting that she also remains a formidable force in Thailand.

JOHN